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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Shui On Land Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**CONNECTED AND DISCLOSEABLE TRANSACTION**

**FORMATION OF A JOINT VENTURE FOR THE DEVELOPMENT  
OF DALIAN SOFTWARE PARK PHASE II**

*Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders*



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A letter from the Independent Board Committee is set out on pages 19 and 20 of this circular.

A letter from BNP Paribas, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 21 to 30 of this circular.

A notice convening an extraordinary general meeting of Shui On Land Limited to be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on 20 June 2007 at 2:00 p.m. is set out on pages 39 and 40 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the meeting and voting in person if you so wish.

\* for identification purposes only

4 June 2007

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Asset Transfer and Compensation Agreement”	the agreement between the PRC Project Companies and Dalian Development in relation to the Dalian Project;
“Assign Land”	7 plots of land at Dalian Software Park Phase II, which require substantial preparation works to be carried out and in respect of which relocation agreements have not been reached with most of the occupiers;
“associate”, “connected person(s)”, “substantial shareholder(s)”, “subsidiary”	each has the meaning ascribed to it in the Listing Rules;
“BNP Paribas” or “Independent Financial Adviser”	BNP Paribas Capital (Asia Pacific) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Transaction Agreements and a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO;
“Board”	the board of Directors;
“Company” or “SOL”	Shui On Land Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange;
“Consideration”	the consideration of RMB2,000 million for the Dalian Project, payable by the PRC Project Companies to Dalian Development under the Asset Transfer and Compensation Agreement;
“Dalian Development”	Dalian Software Park Development Company Limited, a limited liability company incorporated in the PRC and which is a member of Yida Group;
“Dalian Group”	the Dalian Offshore Group together with the Dalian Onshore Group;
“Dalian Offshore Group”	Dalian Offshore JV together with its subsidiaries including SPV;
“Dalian Offshore JV”	Richcoast Group Limited, a company incorporated in the British Virgin Islands and the joint venture company to be established under the Joint Venture Agreement;

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## DEFINITIONS

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“Dalian Onshore Group”	collectively the PRC JV Companies and the PRC Project Companies;
“Dalian Project”	the development and operation of Dalian Software Park Phase II in Dalian, the PRC;
“Dalian Software Park Phase II”	the piece of land situated at Hekou Bay, Si Tiao Gou Cha and both sides of Huang Ni Chuan Lushun South Road, Nan Hai Tou, the PRC for mixed use development principally intended for the information technology and business process outsourcing industry;
“Directors”	the directors of the Company;
“DTZ”	DTZ Debenham Tie Leung Limited;
“Entrustment Agreement”	the entrustment agreement between the PRC Project Companies and Dalian Development in relation to further clearance works on such portion of the Land constituting the Assign Land;
“Equity Interest Transfer Agreements”	collectively the four equity interest transfer agreements between each SPV and Yida Group in relation to the sale and purchase of 78% equity interest in the PRC JV Companies;
“EGM”	the extraordinary general meeting of the Company to be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on 20 June 2007 at 2:00 p.m., notice of which is set out on pages 39 and 40 of this circular, or any adjournment thereof;
“Fixed Fee Land”	the 16 plots of land at Dalian Software Park Phase II, on which clearance works have been substantially completed. Parts of the Fixed Fee Land will require land reclamation works and Dalian Development has obtained sea use rights for such parts; and for other parts, relocation agreements have been reached with most of the occupiers. Two plots of land (namely the Specified Plots) are ready for development and Dalian Development has already obtained land use certificates for these sites;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

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## DEFINITIONS

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“Independent Board Committee ”	the committee of the Board comprising Dr. Edgar W. K. Cheng, Professor Gary C. Biddle and Dr. Roger L. McCarthy, each being independent non-executive Directors, formed to advise Shareholders on whether the terms and conditions of the Transaction Agreements are fair and reasonable;
“Independent SOCAM Shareholders”	SOCAM Shareholders, other than Mr. Lo and his associates;
“Independent Shareholders”	the Shareholders, other than Mr. Lo and his associates (including and without limitation to SOCAM);
“Innovate Zone”	Innovate Zone Group Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands;
“Joint Venture Agreement”	the shareholders agreement between Innovate Zone, Main Zone and Many Gain dated 25 May 2007 in relation to the establishment of Dalian Offshore JV as joint venture company;
“Land”	the 23 plots of land at Dalian Software Park Phase II, which comprise the Fixed Fee Land and the Assign Land, with a total area of approximately 6,982,000 square metres;
“Latest Practicable Date”	30 May 2007, being the latest practicable date for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Zone”	Main Zone Group Limited, a direct wholly-owned subsidiary of SOCAM and a company incorporated in the British Virgin Islands;
“Many Gain”	Many Gain International Limited, a member of Yida Group and a company incorporated in the British Virgin Islands;
“Mr. Lo”	Mr. Vincent H. S. Lo;
“Onshore Shareholders Agreements”	collectively the four shareholders agreements between Yida Group and each SPV in relation to the management of the PRC JV Companies;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;

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## DEFINITIONS

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“PRC JV Companies”	4 companies to be established as wholly-owned subsidiaries by Yida Group in the PRC and which will form part of the Dalian Onshore Group;
“PRC Project Companies”	companies to be established by the PRC JV Companies as wholly-owned subsidiaries and which will form part of the Dalian Onshore Group;
“Resolution”	the ordinary resolution to be proposed at the EGM as set out in the Notice of EGM which is set out at the end of this circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“Service Agreement”	the service agreement between the PRC Project Companies and Dalian Development in relation to the continuation of clearance works on such portion of the Land constituting the Fixed Fee Land;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of Shares;
“Shares”	ordinary shares of nominal value US\$0.0025 each in the capital of the Company;
“SOCAM”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange (Stock Code: 983);
“SOCAM Shareholders”	holders of SOCAM Shares;
“SOCAM Shares”	ordinary shares of nominal value HK\$1.00 each in the capital of SOCAM;
“Specified Plots”	two plots of the Land (namely plot numbers W1-A and W2-A in the Fixed Fee Land) of approximately 1,263,797 square metres, on which all preparation works have been carried out and the titles of which will be transferred to the PRC Project Companies pursuant to the Asset Transfer and Compensation Agreement;
“SPV”	4 companies to be established by Dalian Offshore JV as wholly-owned subsidiaries to form part of the Dalian Offshore Group;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

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## DEFINITIONS

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“Transaction Agreements”	collectively the Joint Venture Agreement, the Equity Interest Transfer Agreements, the Onshore Shareholders Agreements, the Asset Transfer and Compensation Agreement, the Service Agreement and the Entrustment Agreement;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Yida Group”	Yida Group Company Limited, a limited liability company incorporated in the PRC, and its subsidiaries (including Many Gain and Dalian Development); and
“%”	per cent.

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## LETTER FROM THE BOARD

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瑞安房地產  
SHUI ON LAND

Shui On Land Limited  
瑞安房地產有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

*Executive Directors:*

Mr. Vincent H. S. Lo

*(Chairman and Chief Executive Officer)*

Mr. William T. Addison

*Non-Executive Director:*

The Honourable Chun Ying Leung

*Independent Non-Executive Directors:*

Sir John R. H. Bond

Dr. Edgar W. K. Cheng

Dr. William K. L. Fung

Professor Gary C. Biddle

Dr. Roger L. McCarthy

Mr. David J. Shaw

*Registered Office:*

Walker House

87 Mary Street

George Town

Grand Cayman KY1-9001

Cayman Islands

*Place of Business in Hong Kong:*

34/F, Shui On Centre

6-8 Harbour Road

Wan Chai

Hong Kong

4 June 2007

*To the Shareholders*

Dear Sir or Madam,

### CONNECTED AND DISCLOSEABLE TRANSACTION

### FORMATION OF A JOINT VENTURE FOR THE DEVELOPMENT OF DALIAN SOFTWARE PARK PHASE II

#### INTRODUCTION

The Board is pleased to announce that on 25 May 2007, Innovate Zone has entered into the Joint Venture Agreement with Main Zone and Many Gain whereby the parties agreed to form a joint venture

*\* for identification purposes only*



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## LETTER FROM THE BOARD

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company, Dalian Offshore JV under the name of Richcoast Group Limited, which will be owned as to 61.54%, 28.20% and 10.26% by Innovate Zone, Main Zone and Many Gain respectively. Dalian Offshore JV will in turn establish a chain of subsidiaries forming the Dalian Offshore Group to acquire from Yida Group a 78% equity interest in each of the four PRC JV Companies to be formed by Yida Group. The PRC JV Companies will hold the PRC Project Companies which will be used to acquire the Land and undertake the development of the Dalian Project.

### 1. JOINT VENTURE AGREEMENT

*Date:* 25 May 2007

*Parties:*

- (1) Innovate Zone;
- (2) Main Zone; and
- (3) Many Gain.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Many Gain and its ultimate beneficial shareholders, are third parties independent of the Company.

*Subject:*

To form Dalian Offshore JV which will be owned as to 61.54%, 28.20% and 10.26% by Innovate Zone, Main Zone and Many Gain, respectively. Dalian Offshore JV will in turn establish a chain of subsidiaries forming the Dalian Offshore Group to acquire from Yida Group a 78% equity interest in each of the four PRC JV Companies to be formed by Yida Group. The PRC JV Companies will hold the entire registered capital of the two PRC Project Companies, together forming the Dalian Onshore Group, which will acquire the Land and undertake the development of the Dalian Project. Pursuant to and subject to the satisfaction of the conditions of the Joint Venture Agreement, various agreements will be signed by the respective parties for the acquisition of the Dalian Onshore Group and Dalian Development's interests in respect of the Land and for engaging Dalian Development to undertake the clearance and preparation works for the Land, including the Equity Interest Transfer Agreements, the Onshore Shareholders Agreements, the Asset Transfer and Compensation Agreement, the Service Agreement and the Entrustment Agreement. These agreements will be signed after the establishment of the PRC Project Companies and prior to the submission of the application documents required for the equity transfer under the Equity Interest Transfer Agreements. Details of these agreements which will form part of the Transaction Agreements, and details of the Dalian Project are set out in the sections headed "Other Transaction Agreements" and "Further Details of the Dalian Project" respectively below.

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## LETTER FROM THE BOARD

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### *Shareholding and subscription monies:*

Each of Innovate Zone, Main Zone and Many Gain shall contribute to the equity capital of Dalian Offshore JV in cash in the following amount on or before the third business day after obtaining the relevant government approvals and completing all procedures required for the establishment of the Dalian Onshore Group:

- (1) Innovate Zone - 61.54% (US\$480)
- (2) Main Zone - 28.20% (US\$220)
- (3) Many Gain - 10.26% (US\$80)

### *Conditions:*

The Joint Venture Agreement is conditional upon obtaining approvals of the Transaction Agreements and all transactions contemplated under the Transaction Agreements from the Independent Shareholders and the Independent SOCAM Shareholders.

### *Board representation and control:*

The board shall have 10 directors. Innovate Zone will have the right to nominate 4 directors to the board of Dalian Offshore JV and each of Main Zone and Many Gain will have the right to nominate 3 directors.

As Innovate Zone does not control the majority of the board composition of Dalian Offshore JV, the investment in Dalian Offshore JV will be accounted for under the equity method of accounting by the Group, but will be treated as a subsidiary of the Company for the purposes of the Listing Rules.

### *Loan:*

Each of Innovate Zone, Main Zone and Many Gain shall provide the following loans to subsidiaries in the Dalian Group to fund the acquisition under the Equity Interest Transfer Agreements and the consideration payable under the Asset Transfer and Compensation Agreement for the purposes of the Dalian Project:

	<b>Shareholding</b>	<b>Loan</b> <i>(HK\$ million)</i>
Innovate Zone	61.54%	1,107.69
Main Zone	28.20%	507.69
Many Gain	<u>10.26%</u>	<u>184.62</u>
Total:	<u>100.00%</u>	<u>1,800.00</u>

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## LETTER FROM THE BOARD

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The loans will be made available in cash by Innovate Zone and Main Zone within 3 business days after completing the setting up of the Dalian Onshore Group upon the satisfaction of certain conditions set out in the Joint Venture Agreement, including the execution of the Transaction Agreements. Many Gain will contribute its share of the loan with the dividend receivable from Dalian Offshore JV. These loans will be unsecured, repayable on demand, and will be interest-free until after Many Gain has made its shareholder's loan contribution to Dalian Offshore JV and thereafter bear interest at the rate of 5% per annum.

Innovate Zone's capital and loan commitment will be funded by its own resources and unutilised banking facilities.

In the event that any third party funding is required for the development of the Dalian Project, SOL, SOCAM and Yida Group shall, if required by the lender, provide guarantee for such fund severally up to a maximum aggregate amount of RMB500 million in the ratio of 48:22:30.

### ***Non-Competition:***

Innovate Zone, Main Zone and Many Gain agree not to and cause their affiliates not to, engage in any competing business (i.e. any development or leasing of office buildings for use by the software industry, except the related land development work before the land use rights are granted) in Dalian city for a period of 3 years after completing the setting up of the Dalian Onshore Group, unless with the prior consent of the other parties.

After such 3-year period, if any one of the parties or its affiliates:

- (1) intends to engage in such competing business, it shall first offer the business opportunity to the PRC JV Companies to participate on a 50:50 basis; or
- (2) is offered an opportunity to co-invest in any competing business by a third party, it may not participate in such co-investment except with the PRC JV Companies on a 50:50 basis.

## **2. OTHER TRANSACTION AGREEMENTS**

### **A. EQUITY INTEREST TRANSFER AGREEMENTS (comprising 4 equity interest transfer agreements in total)**

#### ***Parties:***

- (1) Yida Group as the Vendor; and
- (2) respective SPV as the Purchaser.

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## LETTER FROM THE BOARD

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***Assets involved:***

Each SPV will purchase and Yida Group will sell as legal and beneficial owner of a 78% equity interest in each of the four PRC JV Companies, which will hold the interests in the respective PRC Project Companies.

Upon completion of the Equity Interest Transfer Agreements, Yida Group will hold as legal and beneficial owner the remaining 22% equity interest in each of the four PRC JV Companies.

***Consideration:***

The aggregate consideration under the Equity Interest Transfer Agreements of RMB936 million represents 78% of the total registered capital of the PRC JV Companies to be contributed by Yida Group in the sum of RMB1,200 million. Such consideration will be paid in cash into accounts jointly controlled by SPV and Yida Group within 15 business days after the completion of the equity transfer under the Equity Interest Transfer Agreements. The funds in such accounts will be released in stages to Yida Group when the existing mortgage on the Specified Plots has been released and when the titles of the Specified Plots are transferred to the PRC Project Companies.

***Source of funding:***

The consideration will be funded by the loans provided by Innovate Zone and Main Zone under the Joint Venture Agreement.

***Conditions to completion:***

Completion of the Equity Interest Transfer Agreements is conditional upon, among other things:

1. obtaining the relevant PRC government approvals in respect of the transfer of the 78% interests to SPV and the change of the PRC JV Companies from PRC domestic enterprises to sino-foreign joint venture companies;
2. obtaining government approvals and completing all procedures required for the setting up of the PRC Project Companies and the PRC JV Companies; and
3. execution of the Asset Transfer and Compensation Agreement, the Service Agreement and the Entrustment Agreement.

***Completion:***

Completion of the Equity Interest Transfer Agreements will take place after the conditions have been satisfied.

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## LETTER FROM THE BOARD

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### **B. ONSHORE SHAREHOLDERS AGREEMENTS ON PRC JV COMPANIES (comprising 4 onshore shareholders agreements in total)**

***Parties:***

- (1) Yida Group; and
- (2) respective SPV.

***Subject:***

To govern the relationship between Yida Group and each SPV in the management of the respective PRC JV Companies.

***Shareholding:***

The respective SPV and Yida Group shall hold 78% and 22% in the equity of each of the PRC JV Companies respectively.

***Board representation and control:***

The respective SPV and Yida Group will have the right to nominate 5 directors (of which Innovate Zone has the right to nominate 3 directors and Main Zone has the right to nominate 2 directors) and 2 directors to the board of each PRC JV Company respectively.

***Future funding:***

SPV and Yida Group shall contribute to additional funding needs of the Dalian Project in the amount of approximately RMB639 million and RMB231 million respectively which is substantially in proportion to their existing equity interest in the PRC JV Companies by way of direct loan at an interest of 10% per annum or by arranging entrustment loan for the Dalian Project. In the event any additional bank financing is sought for, any guarantee to be provided will comply with the requirements under the Joint Venture Agreement, namely, SOL, SOCAM and Yida Group will provide such guarantee in the rates of 48:22:30 up to a maximum aggregate amount of RMB500 million.

It is expected that these additional RMB639 million and RMB231 million funding will be made within six months of the signing of the Onshore Shareholders Agreements. The Directors expect the PRC Project Companies to meet their own funding needs in relation to the Dalian Project. Save for the funding and guarantee set out in the Joint Venture Agreement and the Onshore Shareholders Agreements, the Directors believe that no further funding or financial assistance will be required from the Company in relation to the Dalian Project.

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## LETTER FROM THE BOARD

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### C. ASSET TRANSFER AND COMPENSATION AGREEMENT

***Parties:***

- (1) PRC Project Companies; and
- (2) Dalian Development.

***Subject:***

- (i) the PRC Project Companies will compensate Dalian Development in respect of the clearance and land preparation works that Dalian Development has already conducted on the Land;
- (ii) Dalian Development will transfer the Specified Plots, which form part of the Land, to the PRC Project Companies, and the PRC Project Companies will reimburse Dalian Development for the land grant fee paid to the relevant PRC government authorities in the sum of approximately RMB140 million;
- (iii) Dalian Development will assist the Dalian Onshore Group in obtaining the remaining Land and will pay to the PRC Project Companies any compensation in respect of the clearance and land preparation works that it may receive from the PRC government authorities for any part of the Land granted to a third party; and
- (iv) Dalian Development undertakes that neither Yida Group nor it will participate in the public tender, auction or listing-for-sale process of the Land, or obtain the right to develop the Land other than through the PRC Project Companies, unless with the prior consent of the PRC Project Companies.

***Consideration:***

The determination of the Consideration of RMB2,000 million for the asset transfer and compensation has been based on arm's length negotiations with reference to (i) the valuation conducted by DTZ (Mr. Chun Ying Leung is currently the chairman of Asia Pacific of DTZ and also a non-executive Director of the Company) for the Specified Plots as at 21 May 2007, which amounted to approximately RMB735 million; and (ii) the costs that Dalian Development have already incurred in clearing and preparing the Land. The Consideration will be satisfied in the following manner:

- (i) when the SPV has fulfilled its funding obligations of RMB639 million pursuant to the Onshore Shareholders Agreements, a series of cash payments totalling RMB1,820 million will be made in stages and paid into a designated account:
  - (a) an amount of RMB1,431 million will be used by Yida Group for repayment of their outstanding loans to the Dalian Onshore Group, and for payment of funding contribution to be made by Yida Group to the PRC JV Companies under the Onshore Shareholders Agreements in the amount of RMB231 million; and

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## LETTER FROM THE BOARD

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- (b) an amount of RMB389 million together with the reimbursement of approximately RMB140 million of land grant fee paid by Dalian Development will be released when the titles of the Specified Plots are transferred to the PRC Project Companies and Yida Group has fully utilised the RMB1,431 million in the manner above; and
- (ii) the balance of the consideration in the amount of RMB180 million will be paid when Yida Group has paid up its share of the loan in the amount of HK\$184.62 million to be contributed under the Joint Venture Agreement.

The consideration will be funded by the equity and loan contribution made by SOL, SOCAM and Yida Group to the Dalian Group under the Joint Venture Agreement and the Onshore Shareholders Agreements.

It is the intention of the Company that the Dalian Group will acquire all 23 plots of the Land. The acquisition of the Land (other than the Specified Plots which will be transferred to the PRC Project Companies) will be by way of competitive bidding and there is no assurance that the Dalian Group will be successful in acquiring all or any piece of the Land (other than the Specified Plots). As Dalian Development has already incurred costs in reclaiming, clearing and preparing the Land and has done so with the consent of the relevant government authorities in the PRC, in the event that any part of the Land is granted to a third party in the bidding process, it is reasonably believed that the PRC government will compensate Dalian Development for the relevant costs incurred, even though there is no written assurance from the PRC government to that effect. Such belief is consistent with past practices and to the reasonable knowledge of the Directors. Dalian Development has agreed to assign such rights to compensation to the PRC Project Companies in the event of that happening. According to the valuation conducted by DTZ, the valuation of the Specified Plots as at 21 May 2007 amounted to approximately RMB735 million. The Directors consider the terms of the Asset Transfer and Compensation Agreement to be fair and in the interest of the Group as a whole.

***Expected date of completion of all clearance works on the Land:***

It is estimated that the latest date for completion of the clearance works on the Land will be around 2010.

### **D. SERVICE AGREEMENT AND ENTRUSTMENT AGREEMENT**

#### ***SERVICE AGREEMENT***

***Parties:***

- (1) PRC Project Companies; and
- (2) Dalian Development.

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## LETTER FROM THE BOARD

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***Subject:***

Dalian Development shall undertake the clearance and land preparation work for such portion of the Land of approximately 2,524,000 square metres constituting the Fixed Fee Land (including the Specified Plots). The Specified Plots are ready for development and will be transferred to the PRC Project Companies as set out in the Asset Transfer and Compensation Agreement. Substantial clearance and preparation work has been carried out on the remaining Fixed Fee Land and the plots comprising it are at a fairly advanced stage ready to be made available for public tender. Parts of the Fixed Fee Land will require land reclamation works and Dalian Development has obtained sea use rights for such parts; and for other parts, relocation agreements have been reached with most of the occupiers.

***ENTRUSTMENT AGREEMENT***

***Parties:***

- (1) PRC Project Companies; and
- (2) Dalian Development.

***Subject:***

Dalian Development will undertake the clearance and land preparation work for such portion of the Land of approximately 4,458,000 square metres constituting the Assign Land. The Assign Land is still in a preliminary stage of land preparation. Substantial clearance works have yet to be carried out and relocation agreements have not been reached with most of the occupiers.

***Consideration under the two agreements:***

The fees payable under the Service Agreement and the Entrustment Agreement are estimated to be approximately RMB790 million in aggregate (subject to adjustment). Costs to be incurred in respect of the Assign Land will be borne by the PRC Project Companies.

The fees of RMB790 million were determined based on arm's length negotiation with reference to (i) the estimated costs for completing the remaining clearance and reclamation works payable by Dalian Development to third parties in respect of the Fixed Fee Land, and (ii) a remuneration to Dalian Development for overseeing the land preparation works to be done on the Fixed Fee Land and a management fee of RMB80 per square metre for overseeing the land preparation works to be done on the Assign Land. No adjustment will be made to such fee if the actual costs incurred by Dalian Development in respect of the Fixed Fee Land is more than the cost estimate for completing the work over the Fixed Fee Land except where the additional cost arises from a change in the related government policies which will be borne by the PRC Project Companies. The final amount of the management fee payable under the Entrustment Agreement



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## LETTER FROM THE BOARD

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will be determined when the actual size of the Assign Land cleared by Dalian Development is known. The difference between the final management fee as determined and the total management fees already received by Dalian Development under the Entrustment Agreement will be paid to or refunded by Dalian Development, as the case may be.

An initial amount of RMB18.5 million will be payable by the PRC Project Companies to Dalian Development under the Entrustment Agreement within 5 business days after the PRC Project Companies receive their first bank financing (excluding entrustment loan procured by the shareholders) and the subsequent payments under the Entrustment Agreement will be made quarterly with reference to the actual costs incurred for land clearance and preparation. The fee payable under the Service Agreement will also be made quarterly.

### FURTHER DETAILS OF THE DALIAN PROJECT

The Dalian Project is a large-scale integrated development project comprising residential, software industry, commercial and retail properties, together with educational and research, outdoor recreation and environmental facilities and other public amenities. It will involve the development, construction, sale, lease, operation and management of Dalian Software Park Phase II at Dalian, PRC. The Dalian Project is expected to comprise nearly 3,608,000 square metres of gross floor area (instead of 3,900,000 square metres as disclosed in the joint announcement of SOL and SOCAM dated 25 May 2007) and is planned for development in 6 phases over a period of 8 to 10 years. The Land comprises of 23 plots of land at Dalian Software Park Phase II (divided into the Fixed Fee Land and the Assign Land).

**The successful development of the Dalian Project depends on the successful acquisition of the Land and the satisfaction of the conditions to the Transaction Agreements, which may or may not materialise. In particular, the acquisition of the Land (other than the Specified Plots) is by way of competitive bidding and there is no assurance that the Dalian Group will be successful in tendering for all or any piece of the Land.**

### REASONS FOR THE TRANSACTION

Dalian is recognised as a regional economic centre in northeast China. With rapid growth over the past few years, the software and business process industries in Dalian have been designated among its pillar industries by the Dalian government. It is expected that Dalian will become one of the major information technology and business process outsourcing (ITO/BPO) centres in China.

With this background and, building on the success of Dalian Software Park Phase I developed by Yida Group, the Dalian Project represents an attractive investment opportunity for the Company. It is intended that, under the current planning, this project will be developed into a world-class software and information service centre accommodating modern enterprises, research and development centres, commercial and residential facilities, and become an international landmark.

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## LETTER FROM THE BOARD

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The joint venture among SOL, SOCAM and Yida Group will combine the strength, expertise and experience of the partners concerned, and will create considerable synergies. It leverages SOL's expertise and experience in master planning and large-scale integrated project development in the Mainland, SOCAM's considerable experience in construction management and design-and-build and local knowledge and relationships in Dalian, and Yida Group's expertise of Dalian's local market and development experience in the successful Phase I project.

The Directors believe that Dalian's ITO/BPO industry will offer excellent growth potential and the Dalian Project will represent a unique investment opportunity.

It is the intention of the Directors to treat Dalian Offshore JV as an associate. As such, upon completion of formation of Dalian Offshore JV, the Group's interests in associates will increase by RMB1,080 million and the Group's net current assets (representing current assets less current liabilities) will decrease by RMB612 million and the non-current liabilities will increase by RMB468 million. The impact of Dalian Offshore JV on the future earnings of the Group could not be quantified at this stage.

### IMPLICATIONS OF THE LISTING RULES

Mr. Lo is the chairman of the Company in which he has an interest of 53.78% in its issued share capital. He is also the chairman of SOCAM and has an interest in 63.52% of the issued share capital of SOCAM as at the Latest Practicable Date. Therefore, SOCAM and Main Zone are associates of a connected person of the Company. Many Gain will become a connected person of the Company by virtue of it being a substantial shareholder of Dalian Offshore JV, a subsidiary of the Group for the purposes of the Listing Rules. The formation of the joint venture under the Joint Venture Agreement and the Transaction Agreements constitute a connected and discloseable transaction of the Company under Chapters 14A and 14 of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements.

### GENERAL INFORMATION

The Company is one of the leading property developers in the PRC. It engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

SOCAM is principally engaged in distressed property development, cement production, construction, investment in property development and venture capital investment in Hong Kong and the PRC. SOCAM, having been invited by SOL to do so, is taking the opportunity to be involved in the property development described in this circular by applying its project management expertise.

Yida Group is a conglomerate with interests in property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services and professional training and education.

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## LETTER FROM THE BOARD

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### APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms and conditions of the Transaction Agreements. BNP Paribas has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard. Shareholders should consider carefully the recommendations of the Independent Board Committee and the factors, reasons and recommendations in relation to the Transaction Agreements.

### EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on 20 June 2007 at 2:00 p.m. is set out on pages 39 and 40 of this circular. At the EGM, the Resolution will be proposed to approve the Transaction Agreements.

Any connected person with a material interest in the transactions contemplated under the Transaction Agreements, and any other Shareholders and their respective associates with a material interest in the transactions contemplated under the Transaction Agreements, shall abstain from voting in respect of the Resolution.

Mr. Lo is the chairman of the Company and has an interest in 53.78% of the issued share capital of the Company. He is also the chairman of SOCAM in which he has an interest in 63.52% of the issued share capital of SOCAM as at the Latest Practicable Date. Accordingly, Mr. Lo is a connected person of the Company, and SOCAM and Main Zone are associates of a connected person of the Company. Many Gain will become a connected person of the Company by virtue of it being a substantial shareholder of Dalian Offshore JV. Mr. Lo and his associates (including and without limitation to SOCAM) will abstain from voting in respect of the Resolution.

A proxy form for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete the proxy form as instructed and return the same to the Company Secretary at the Company's place of business in Hong Kong at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). You can still attend and vote at the EGM even if you have completed and sent in the proxy form.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will demand a poll in relation to the Resolution to approve the connected transactions relating to the Transaction Agreements. The results of the voting will be announced after the EGM.

Under Article 77 of the articles of association of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or

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## LETTER FROM THE BOARD

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- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights at such meeting.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) take the view that the transactions contemplated under the Transaction Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company; and that the terms and conditions of the Transaction Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend the Independent Shareholders to vote in favour of the Resolution to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 19 and 20 of this circular, to the letter from BNP Paribas, the Independent Financial Adviser, to the Company's Independent Board Committee and Independent Shareholders in respect of the Transaction Agreements set out on pages 21 to 30 of this circular, and to the information set out in the Appendix to this circular.

Yours faithfully,  
By Order of the Board  
**Shui On Land Limited**  
**Vincent H. S. Lo**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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瑞安房地產  
SHUI ON LAND

Shui On Land Limited  
瑞安房地產有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

4 June 2007

*To the Independent Shareholder(s)*

Dear Sir or Madam,

### **CONNECTED AND DISCLOSEABLE TRANSACTION**

#### **FORMATION OF A JOINT VENTURE FOR THE DEVELOPMENT OF DALIAN SOFTWARE PARK PHASE II**

We refer to the circular (the “Circular”) dated 4 June 2007 issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the transactions contemplated under the Transaction Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. BNP Paribas has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Transaction Agreements.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 18 of this Circular and the text of a letter of advice from BNP Paribas, as set out on pages 21 to 30 of this Circular, both of which provide details of the Transaction Agreements.

Having considered the terms of the Transaction Agreements, the advice of BNP Paribas and the relevant information contained in the letter from the Board, we are of the opinion that the terms of the transactions contemplated under the Transaction Agreements are fair and reasonable so far as the Independent Shareholders are concerned and that the transactions contemplated under the Transaction Agreements are in the interests of the Company and the Shareholders as a whole.

\* *for identification purposes only*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend the Independent Shareholders to vote in favour of the Resolution, which will be proposed as an ordinary resolution at the EGM.

Yours faithfully,  
Independent Board Committee of

**Dr. Edgar W. K. Cheng**  
*Independent Non-Executive  
Director*

**Shui On Land Limited**  
**Professor Gary C. Biddle**  
*Independent Non-Executive  
Director*

**Dr. Roger L. McCarthy**  
*Independent Non-Executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**BNP PARIBAS**  
CORPORATE & INVESTMENT BANKING

4 June 2007

The Independent Board Committee and  
the Independent Shareholders of Shui On Land Limited  
34/F, Shui On Centre,  
6-8 Harbour Road,  
Wan Chai,  
Hong Kong

Dear Sirs,

### **CONNECTED AND DISCLOSEABLE TRANSACTION**

#### **FORMATION OF A JOINT VENTURE FOR THE DEVELOPMENT OF DALIAN SOFTWARE PARK PHASE II**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the formation of the joint venture under the Joint Venture Agreement and entering into of the Transaction Agreements which constitute connected transactions (the “Transactions”) under the Listing Rules for reason that SOCAM and Main Zone are associates of Mr. Lo (the controlling shareholder of the Company) and Many Gain will become a connected person of the Company by virtue of it being a substantial shareholder of Dalian Offshore JV (a subsidiary to be formed by the Group). It is noted that the Transactions also constitute a discloseable transaction of the Company under the Listing Rules. Details of the Transactions are set out in the letter from the Board in the circular (the “Circular”) dated 4 June 2007 issued by the Company to its Shareholders, of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

The Independent Board Committee has been established to consider the terms of the Transactions contemplated under the Transaction Agreements and to advise the Independent Shareholders as to their fairness and reasonableness. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an opinion as to whether the Transaction are on the normal commercial terms, and in the ordinary and usual course of business and as to the fairness and reasonableness of the Transactions contemplated under the Transaction Agreements. It should be noted that we have been engaged to advise the Independent Board Committee and the Independent Shareholders regarding the Transactions contemplated under the Transaction Agreements in its context which constitute connected transactions under the Listing Rules only and have not been engaged to advise on the commercial or technical feasibility, profitability or any other matters in relation to the Group’s proposed investment in the Dalian Project.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Apart from the normal advisory fees for our services as described above, we may receive normal advisory fees for the provision of other financial advisory services to the independent non-executive Directors of the Company. As at the Latest Practicable Date, a group of companies (“BNP Paribas Group”) to which we belong, provided financings to the Group and certain other group companies of Shui On Company Limited, with an aggregate loan amount of less than approximately 0.02% of total assets of BNP Paribas Group (based on its consolidated balance sheet as at 31 December 2006). Save as described in this letter, no arrangement exists whereby we shall receive any other fees or benefits from the Company. As at the Latest Practicable Date, BNP Paribas Arbitrage (HK) Ltd, a member of BNP Paribas Group, beneficially owns 72,500 Shares, representing approximately 0.002% of the issued share capital of the Company. We do not consider the shareholding interest would affect the objectivity of our advice in respect of the Transactions, given the fact that the interests so held in the Company are the same as those held by other Shareholders. The aggregate value of the financings and the said Shares is immaterial in comparison with either the consolidated assets or net assets of BNP Paribas Group taken as a whole. Accordingly, we are independent of the Company and we consider ourselves suitable to give independent financial advice to the Independent Board Committee and the Independent Shareholders in relation to the Transactions.

In formulating our opinion, we have relied on the information and facts supplied by the Company and the opinions expressed by and the representations of the Directors and the management of the Company, including those set out in the Circular. We have assumed that all the information and representations so supplied by the Company and/or the Directors and management of the Company and all the information and representations referred to or contained in the Circular, for which the Company and the Directors are solely and wholly responsible, were true, complete and accurate at the time they were made and continue to be so in all respects at the date of the Circular. No representation or warranty, expressed or implied, is made by us on the accuracy of such information or representation. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have no reason to believe that any material information has been withheld, or doubt the truth or accuracy of the information provided. We consider that we have reviewed sufficient information to enable us to reach an informed view. We have not, however, carried out any independent verification of such information, nor have we conducted an independent investigation into the business and affairs of the Company, or the parties involved in the Transactions.

Our opinion is necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information publicly available to us as of the date of the opinion. We have no obligation to update this opinion to take into account subsequent events occurring after this opinion is delivered to the Independent Board Committee and the Independent Shareholders. As a result, circumstances could develop or change subsequent to the date of the Circular that if had they been known at the time we rendered our opinion, would have altered or affected our opinion whether in whole or in part. We assume no responsibility or liability under such circumstances.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our view on the Transactions, we have taken into consideration the principal factors and reasons as set out below.

#### 1. Background for the Dalian Project

The Company is one of the leading property developers in the PRC. It engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC, utilising its expertise and track record in developing large-scale integrated property projects based on master plans.

SOCAM is principally engaged in distressed property development, cement production, construction, investment in property development and venture capital investment in Hong Kong and the PRC. SOCAM, having been invited by the Company to do so, is taking the opportunity to be involved in the property development described in the Circular by applying its project management expertise.

As stated in the letter from the Board in the Circular, Yida Group is a conglomerate with interests in property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services and professional training and education. It has successfully developed Dalian Software Park Phase I. Shui On Company Limited, through SOCAM, has invested in a distressed property project in Dalian, the partner of which project is Yida Group. We have been advised that, with this relationship, Yida Group has approached Shui On Company Limited for its participation in the Dalian Project which formed Dalian Software Park Phase II.

The Dalian Project is a large-scale integrated development project comprising residential, software industry, commercial and retail properties, together with educational and research, outdoor recreation and environmental facilities and other public amenities. It will involve the development, construction, sale, lease, operation and management of Dalian Software Park Phase II at Dalian, PRC. The Dalian Project is expected to comprise nearly 3,608,000 square metres of gross floor area (instead of 3,900,000 square metres as disclosed in the joint announcement of SOL and SOCAM dated 25 May 2007) and is planned for development in 6 phases over a period of 8 to 10 years. The Land comprises of 23 plots of land at Dalian Software Park Phase II (divided into the Fixed Fee Land and the Assign Land).

We have also been advised that given that SOCAM's principal business activities are in distressed property development, construction and contracting while the Company has considerable experience and expertise in the development of large-scale integrated property project, as stated in the annual report of the Company issued on 30 April 2007, Shui On Company Limited (the controlling shareholder of both SOCAM and SOL) has invited the Company to co-invest in the Dalian Project, together with SOCAM. We note that this arrangement is also in compliance with the undertaking given

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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by Mr. Lo and Shui On Company Limited to the Company under the non-competition agreement dated 30 May 2006. The Directors further advise that following further negotiations, Shui On Company Limited or any company within Shui On group other than the Group and SOCAM Group will not be a direct investor in the Dalian Project.

### 2. Connected persons

Mr. Lo is the chairman of the Company, in which he has an interest of 53.78% in the issued share capital. He is also the chairman of SOCAM and has an interest of 63.52% of the issued share capital of SOCAM as at the Latest Practicable Date. Therefore, SOCAM and Main Zone are associates of a connected person of the Company. In this relation, it should be noted that Main Zone is a party to the Joint Venture Agreement only.

As stated in the letter from the Board in the Circular, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Many Gain and its ultimate beneficial shareholders are third parties independent of the Company before signing of the Transaction Agreements. Many Gain will and only become a connected person of the Company by virtue of it being a substantial shareholder of Dalian Offshore JV (a subsidiary of the Group for the purposes of the Listing Rules) under the Joint Venture Agreement.

### 3. Reasons for the transaction

As stated in the letter from the Board in the Circular, Dalian is recognised as a regional economic centre in northeast China. With rapid growth over the past few years, the software and business process industries in Dalian have been designated among its pillar industries by the Dalian government. It is expected that Dalian will become one of the major information technology and business process outsourcing (ITO/BPO) centres in China. With this background and, building on the success of Dalian Software Park Phase I developed by Yida Group, the Dalian Project represents an attractive investment opportunity for the Company. It is intended that, under the current planning, this project will be developed into a world-class software and information service centre accommodating modern enterprises, research and development centres, commercial and residential facilities, and becomes an international landmark. The joint venture among SOL, SOCAM and Yida Group will combine the strength, expertise and experience of the partners concerned, and will create considerable synergies. It leverages SOL's expertise and experience in master planning and large-scale integrated project development in the Mainland, SOCAM's considerable experience in construction management and design-and-build and local knowledge and relationships in Dalian, and Yida Group's expertise of Dalian's local market and development experience in the successful Phase I project.

It is stated in the letter from the Board in the Circular that the Directors believe that Dalian's ITO/BPO industry will offer excellent growth potential and the Dalian Project will represent a unique investment opportunity.

Having considered the above reasons and factors, there is no reason for us to doubt the commercial reasoning of the Transactions and for SOL, SOCAM and Yida Group to form a joint venture to undertake the Dalian Project.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. The Joint Venture Agreement

Under the Joint Venture Agreement, Innovate Zone (an indirectly wholly-owned subsidiary of the Company), Main Zone (a directly wholly-owned subsidiary of SOCAM) and Many Gain (a member of Yida Group) have agreed to form Dalian Offshore JV. Dalian Offshore JV will in turn establish a chain of subsidiaries forming the Dalian Offshore Group to acquire from Yida Group a 78% equity interest in each of the four PRC JV Companies to be formed by Yida Group. The PRC JV Companies will hold the entire registered capital of the two PRC Project Companies, together forming the Dalian Onshore Group, which will acquire the Land and undertake the development of the Dalian Project.

Under the Joint Venture Agreement, each of Innovate Zone, Main Zone and Many Gain shall contribute to the equity capital of Dalian Offshore JV in cash and provide loan to subsidiaries in the Dalian Group to fund the acquisition of the Dalian Project, particulars of which are set out as follows:-

<b>Shareholders</b>	<b>Number of Shares</b>	<b>Equity capital US\$</b>	<b>Approximate shareholding</b>	<b>Loan HK\$ million</b>
Innovate Zone	480	480	61.54%	1,107.69
Main Zone	220	220	28.20%	507.69
Many Gain	<u>80</u>	<u>80</u>	<u>10.26%</u>	<u>184.62</u>
Total:	<u>780</u>	<u>780</u>	<u>100.00%</u>	<u>1,800.00</u>

It is noted that the amount of equity capital and loans to be contributed by the shareholders are in proportion to their shareholding. In relation to the contribution of the loans, it is noted that both Innovate Zone and Main Zone will provide their shares of the loans in cash upon the satisfaction of certain conditions as set out in the Joint Venture Agreement. Many Gain will contribute its share of the loans with the dividend receivable from Dalian Offshore JV. In this regard, the Directors have advised that this is part of the arrangement under the Transaction Agreements. Pursuant to which, the PRC Project Companies (companies to be established which will form part of the Dalian Onshore Group) are allowed to defer its payment of RMB180 million to Dalian Development (a member of Yida Group) under the Asset Transfer and Compensation Agreement until Yida Group has paid up its share of the aforesaid loans. We consider such arrangement to be acceptable. These loans will be unsecured, repayable on demand, and will be interest-free until after Many Gain has provided the full amount of its share of the loans and, thereafter, shall bear interest at a rate of 5% per annum.

Under the Joint Venture Agreement, in the event that any third party funding is required for the development of the Dalian Project, SOL, SOCAM and Yida Group shall, if required by the lender, provide guarantee for such fund severally up to a maximum aggregate amount of RMB500 million in the ratio of 48:22:30.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The board of directors of Dalian Offshore JV will consist of 10 directors. Innovate Zone, Main Zone, and Many Gain shall be entitled to nominate 4, 3 and 3 representatives, respectively. For the respective board of directors of the PRC JV Companies, Innovate Zone, Main Zone and Many Gain shall be entitled to nominate 3, 2 and 2 representatives, respectively. It is noted that Innovate Zone does not control the composition of the majority of the respective boards though it holds the majority of the voting rights of Dalian Offshore JV. Nevertheless, it is also noted that such ratio is in line with the effective shareholding ratio referred to above.

The Directors have confirmed that the rights of Innovate Zone, Main Zone and Many Gain as to voting, distribution and dividends will be in proportion to their shareholdings in Dalian Offshore JV.

### 5. Other Transaction Agreements

As stated in the letter from the Board in the Circular, pursuant to and subject to the satisfaction of the conditions of the Joint Venture Agreement, various agreements will be signed by the respective parties for the acquisition of the Dalian Onshore Group and Dalian Development's interest in respect of the Land and for engaging Dalian Development to undertake the clearance and preparation works for the Land, including the Equity Interest Transfer Agreements, the Onshore Shareholders Agreements, the Asset Transfer and Compensation Agreement, the Service Agreement and the Entrustment Agreement.

#### A. *The Equity Interest Transfer Agreements*

Pursuant to the Equity Interest Transfer Agreements, each SPV will purchase from Yida Group a 78% equity interest in each of the four PRC JV Companies, which will hold the interests in the respective PRC Project Companies. Yida Group will continue to hold as legal and beneficial owner the remaining 22% equity interest in each of the four PRC JV Companies after completion of the Equity Interest Transfer Agreements.

The aggregate consideration under the Equity Interest Transfer Agreements is RMB936 million. It is noted that the PRC JV Companies are to be established by Yida Group and the total registered capital to be contributed by Yida Group in cash is in the sum of RMB1,200 million. As such, the aggregate consideration payable by the respective SPV under the Equity Interest Transfer Agreements is equal to 78% of the total registered capital of the PRC JV Companies. The Directors have confirmed that the PRC JV Companies would have no other assets or liabilities at the completion date of the Equity Interest Transfer Agreements.

#### B. *Onshore Shareholders Agreements on PRC JV Companies*

The purpose of the Onshore Shareholders Agreements is to govern the relationship between Yida Group and each SPV in the management of the respective PRC JV Companies. The respective board of directors of the PRC JV Companies will consist of 7 directors. Under these agreements, the respective SPV and Yida Group will have the right to nominate 5 and 2 directors to the board of each of the PRC JV Companies respectively. It is noted that the number of directors to be nominated by the shareholders of the PRC JV Companies is in line with the equity interest in the respective PRC JV Companies held by them.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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SPV and Yida Group shall contribute to the additional funding needs of the Dalian Project in the amount of approximately RMB639 million and RMB231 million respectively by way of direct loan at interest of 10% per annum and which is substantially in proportion to their existing equity interest in the PRC JV Companies. It is expected that these additional funding will be made within six months of the signing of the Onshore Shareholders Agreements. The Directors expect the PRC Project Companies to meet their own funding needs in relation to the Dalian Project. Save for the funding and guarantee set out in the Joint Venture Agreement and the Onshore Shareholders Agreements, the Directors believe that no further funding or financial assistance will be required from the Company in relation to the Dalian Project.

The Directors have confirmed that the rights of the respective SPVs and Yida Group as to voting, distribution and dividends will be in proportion to their respective shareholdings in the PRC JV Company.

### *C. Asset Transfer and Compensation Agreement*

As stated in the letter from the Board in the Circular, pursuant to the Asset Transfer and Compensation Agreement,

- (i) the PRC Project Companies will compensate Dalian Development in respect of the clearance and land preparation works that Dalian Development has already conducted on the Land;
- (ii) Dalian Development will transfer the Specified Plots, which form part of the Land, to the PRC Project Companies, and the PRC Project Companies will reimburse Dalian Development for the land grant fee paid to the relevant PRC government authorities in the sum of approximately RMB140 million;
- (iii) Dalian Development will assist the Dalian Onshore Group in obtaining the remaining Land and will pay to the PRC Project Companies any compensation in respect of the clearance and land preparation works that it may receive from the PRC government authorities for any part of the Land granted to a third party; and
- (iv) Dalian Development undertakes that neither Yida Group nor it will participate in the public tender, auction or listing-for-sale process of the Land, or obtain the right to develop the Land other than through the PRC Project Companies, unless with the prior consent from the PRC Project Companies.

It is noted that the consideration of RMB2,000 million will be satisfied:-

- (i) when SPV has fulfilled its funding obligations of RMB639 million pursuant to the Onshore Shareholders Agreement, a series of cash payments totalling RMB1,820 million will be made in stages and paid into a designated account:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (a) an amount of RMB1,431 million will be used by Yida Group for repayment of their outstanding loans to the Dalian Onshore Group, and for payment of funding contribution to be made by Yida Group to the PRC JV Companies under the Onshore Shareholders Agreements in the amount of RMB231 million; and
  - (b) an amount of RMB389 million together with the reimbursement of approximately RMB140 million of land grant fee paid by Dalian Development will be released when the titles of the Specified Plots are transferred to the PRC Project Companies and Yida Group has fully utilised the RMB1,431 million in the manner above; and
- (ii) the balance of the consideration in the amount of RMB180 million will be paid when Yida Group has paid up its share of the loan in the amount of HK\$184.62 million to be contributed under the Joint Venture Agreement.

The Directors have stated that the Consideration of RMB2,000 million has been determined based on arm's length negotiations with reference to (i) the valuation of the Specified Plots by DTZ as at 21 May 2007 of approximately RMB735 million; and (ii) the costs that Dalian Development has already incurred in clearing and preparing the Land. They have also stated that they consider the terms of the Asset Transfer and Compensation Agreement to be fair and in the interest of the Group as a whole. It is noted that Mr. Chun Ying Leung is currently the chairman of Asia Pacific of DTZ and also a non-executive Director of the Company.

Taking into account the above matters and that as advised by the Directors, the actual costs incurred by Dalian Development in the clearance and land preparation works have amounted to approximately RMB1,660 million, we have no reason to doubt the fairness of the terms.

It is stated that in the letter from the Board in the Circular that as Dalian Development has already incurred costs in reclaiming, clearing and preparing the Land and has done so with the consent of the relevant government authorities in the PRC, in the event that any part of the Land is granted to a third party in the bidding process, it is reasonably believed by the Directors that the PRC government will compensate Dalian Development for the relevant costs incurred, even though there is no written assurance from the PRC government to that effect. Such belief is consistent with past practices and to the reasonable knowledge of the Directors. Dalian Development has agreed to assign such rights to compensation to the PRC Project Companies in the event of that happening. It should be noted that opportunity cost would be incurred by the Group in funding the Transactions. The Directors have confirmed that they have taken into account such factor in considering the Transactions.

#### D. *Service Agreement and Entrustment Agreement*

Dalian Development shall undertake the clearance and land preparation work for such portion of the Land of approximately 2,524,000 square metres constituting the Fixed Fee Land (including the Specified Plots) under the Service Agreement and such portion of the Land of approximately 4,458,000 square metres constituting the Assign Land under the Entrustment Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Specified Plots are ready for development and will be transferred to the PRC Project Companies as set out in the Asset Transfer and Compensation Agreement. Substantial clearance and preparation work has been carried out on the remaining Fixed Fee Land and the plots comprising it are at a fairly advanced stage ready to be made available for public tender. Parts of the Fixed Fee Land will require land reclamation works and Dalian Development has obtained sea use rights for such parts; and for other parts, relocation agreement have been reached with most of the occupiers. The Assign Land is still in a preliminary stage of land preparation. Substantial clearance works have yet to be carried out and relocation agreements have not been reached with most of the occupiers.

The fees payable under the Service Agreement and the Entrustment Agreement are estimated to be approximately RMB790 million (subject to adjustment). Cost to be incurred in respect of the Assign Land will be borne by the PRC Project Companies.

The Directors have stated that the fees of RMB790 million were determined based on arm's length negotiation with reference to (i) the estimated costs for completing the remaining clearance and reclamation works payable by Dalian Development to third parties in respect of the Fixed Fee Land, and (ii) a remuneration to Dalian Development for overseeing the land preparation works to be done on the Fixed Fee Land and a management fee of RMB80 per square metre for overseeing the land preparation works to be done on the Assign Land. No adjustment will be made to such fee if the actual costs incurred by Dalian Development in respect of the Fixed Fee Land is more than the cost estimate for completing the work over the Fixed Fee Land except where the additional cost arises from a change in the related government policies which will be borne by the PRC Project Companies. The final amount of the management fee payable under the Entrustment Agreement will be determined when the actual size of the Assign Land cleared by Dalian Development is known.

In relation to the remuneration to Dalian Development for overseeing the land preparation works to be done on the Fixed Fee Land and the management fee of RMB80 per square metre for overseeing the land preparation works to be done on the Assign Land, the Directors have confirmed that they are comparable to the fees payable by the Group in its previous projects of similar nature. We consider the fees payable under the Service Agreement and the Entrustment Agreement to be justifiable.

### **6. Financial impact on the Group**

Under the Joint Venture Agreement, Innovate Zone's capital and loan commitment amount to approximately HK\$1,108 million on the equity and the loan contributed in proportion to its shareholding and the further funding (the "Investment Amount"). It is stated in the letter from the Board in the Circular that the Investment Amount will be funded by the internal resources and unutilised banking facilities of Innovate Zone and will be made available in cash by Innovate Zone within 3 business days after completing the establishment of the Dalian Onshore Group upon the satisfaction of certain conditions set out in the Joint Venture Agreement, including the execution of the Transaction Agreements.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In this respect, we note that from the annual report of the Company that the Group has total cash and cash equivalent (including cash and bank balance of approximately RMB4,452 million and pledged deposit of approximately RMB1,201.5 million) of approximately RMB5,653.5 million as at 31 December 2006. Total borrowings of the Group amounted to RMB6,477 million and the unutilised banking facilities were approximately RMB2,560 million as at the same date. The Directors have advised that unallocated cash and available unutilised banking facilities not scheduled for existing projects and other corporate uses amounted to RMB6,035 million as at 30 April 2007.

Upon the establishment of Dalian Offshore JV, as Innovate Zone will not control the majority of the board composition, the Company will account for the results and financial positions of Dalian Offshore JV under the equity method of accounting. Nevertheless, it should be noted that Dalian Offshore JV will be treated as a subsidiary of the Company for the purpose of the Listing Rules.

### MATTERS TO DRAW SHAREHOLDERS' ATTENTION

We have not been engaged to opine on the commercial or technical feasibility, profitability or any other matters in relation to the Group's proposed investment in the Dalian Project. As stated in the letter from the Board in the Circular, the Company intends that Dalian Group will acquire all 23 plots of the Land. The acquisition of the Land (other than the Specified Plots which will be transferred to the PRC Project Companies) will be by way of competitive bidding and there is no assurance that Dalian Group will be successful in acquiring all or any piece of the Land (other than the Specified Plots). The successful development of the Dalian Project depends on the successful acquisition of the Land and the satisfaction of the conditions to the Transaction Agreements, which may or may not materialise.

### CONCLUSION

Having considered the above principal reasons and factors set out in this letter, we are of the view that the terms of Transactions contemplated under the Transaction Agreements are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the Resolution to be proposed at the EGM to approve the Transactions.

Yours faithfully,  
For and on behalf of  
**BNP Paribas Capital (Asia Pacific) Limited**  
**Isadora Li**  
*Head of Investment Banking — North Asia*



## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (A) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short position of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

#### (a) The Company

##### Long position in the Shares

Name of Director	Nature of interests	Total number of Shares	Approximate percentage of interests in the Company
Mr. Vincent H. S. Lo (“Mr. Lo”)	Other	2,250,565,225 <sup>(Note 1)</sup>	53.78%
Dr. William K. L. Fung	Personal	3,200,000	0.07%

##### Note:

- (1) The Shares are directly held by subsidiaries of Shui On Company Limited (“SOCL”), namely Shui On Properties Limited, Shui On Investment Company Limited, New Rainbow Investments Limited and Shui On Finance Company Limited. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee Limited is the trustee. Accordingly, Mr. Lo, Bosrich Holdings Inc. and HSBC International Trustee Limited are deemed to be interested in such Shares under the SFO. Mr. Lo is also deemed to be interested in the Shares held by New Rainbow Investments Limited, a wholly-owned subsidiary of SOCAM.

As at the Latest Practicable Date, no short positions were recorded in the register required to be kept under section 352 of the SFO.

**(b) Associated Corporation - SOCAM****(i) Long position in the SOCAM Shares**

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Total number of shares</b>	<b>Approximate percentage of interests in SOCAM</b>
Mr. Vincent H. S. Lo	Other	188,915,000 <sup>(Note 1)</sup>	65.98%
Dr. William K. L. Fung	Personal	682,000	0.24%

*Notes:*

- (1) These shares comprise 181,871,000 SOCAM Shares beneficially owned by SOCL and 7,044,000 SOCAM Shares and SOCAM underlying shares in which SOCL is deemed to be interested under sections 317 and 318 of the SFO.

The 181,871,000 SOCAM Shares beneficially owned by SOCL comprise 166,148,000 SOCAM Shares and 15,723,000 SOCAM Shares held respectively by SOCL and Shui On Finance Company Limited, which is an indirect wholly-owned subsidiary of SOCL. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary. Accordingly, Mr. Lo is deemed to be interested in such shares under the SFO.

On 27 August 2002, SOCL granted call options over certain existing SOCAM Shares beneficially owned by SOCL to each of Mr. Wilfred Y. W. Wong (“Mr. Wilfred Wong”), Mr. Louis H. W. Wong (“Mr. Louis Wong”) and Mr. Frankie Y. L. Wong as part of the incentive reward for the services to SOCAM. A maximum of 50% of such SOCAM Shares transferred to or to be transferred upon exercise of call options shall be subject to a restriction of disposal within 12 months from the date such shares were transferred. Mr. Wilfred Wong and Mr. Louis Wong had exercised all their call options and accordingly are deemed to be parties to an agreement to acquire SOCAM Shares under sections 317 and 318 of the SFO. As such, SOCL is deemed to be interested in the SOCAM Shares and SOCAM underlying shares owned by Mr. Wilfred Wong and Mr. Louis Wong.

**(ii) Short position in the SOCAM Shares**

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Total number of shares</b>	<b>Approximate percentage of interests in SOCAM</b>
Mr. Vincent H. S. Lo	Other	1,600,000 <sup>(Note 1)</sup>	0.56%

*Note:*

- (1) Those shares represent the outstanding balance of the call options granted by SOCL under the call option arrangement mentioned in note (1) to item (A)(b)(i) above.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

**(B) Interests of substantial shareholders**

As at the Latest Practicable Date, so far as the Directors and the chief executive of the Company were aware, the following persons had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote at general meetings of the Company:

Name of Shareholder	Capacity	Total number of Shares	Approximate percentage of shareholding
HSBC International Trustee Limited	Trustee	2,250,565,225 <sup>(Note 1)</sup>	53.78%
Bosrich Holdings Inc.	Trustee	2,250,565,225 <sup>(Note 1)</sup>	53.78%
Shui On Company Limited	Interest of Controlled Corporation	2,250,565,225 <sup>(Note 1)</sup>	53.78%
Shui On Holdings Limited	Interest of Controlled Corporation	1,503,869,901 <sup>(Note 2)</sup>	35.93%
Shui On Investment Company Limited	Beneficial Owner and Interest of Controlled Corporation	1,503,869,901 <sup>(Note 2)</sup>	35.93%
Shui On Properties Limited	Beneficial Owner	940,000,000 <sup>(Note 2)</sup>	22.46%
SOCAM	Interest of Controlled Corporation	746,695,324 <sup>(Note 3)</sup>	17.84%
New Rainbow Investments Limited	Beneficial Owner	746,695,324 <sup>(Note 3)</sup>	17.84%

Notes:

- (1) The 2,250,565,225 Shares are beneficially owned by SOCL through its subsidiaries comprising 940,000,000 Shares, 563,713,901 Shares, 746,695,324 Shares and 156,000 Shares held respectively by Shui On Properties Limited, Shui On

Investment Company Limited, New Rainbow Investments Limited and Shui On Finance Company Limited, which is an indirect wholly-owned subsidiary of SOCL. SOCL is owned by the Bosrich Unit Trust, the trustee of which is Bosrich Holdings Inc. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary and HSBC International Trustee is the trustee. Accordingly, Mr. Lo, HSBC International Trustee Limited and Bosrich Holdings Inc. are deemed to be interested in such Shares under the SFO.

- (2) The 1,503,869,901 Shares comprise 563,713,901 Shares beneficially owned by Shui On Investment Company Limited (“SOI”), 940,000,000 Shares beneficially owned by Shui On Properties Limited (“SOP”) and 156,000 Shares beneficially owned by Shui On Finance Company Limited (“SOF”), which are wholly-owned subsidiaries of SOI. SOI is deemed to be interested in the Shares of SOP and SOF under the SFO and has an aggregate interest in 1,503,869,901 Shares. SOI is owned by Shui On Holdings Limited. Accordingly, Shui On Holdings Limited is also deemed to be interested in the 1,503,869,901 Shares held by SOI under the SFO.
- (3) These Shares are beneficially owned by New Rainbow Investments Limited, a wholly-owned subsidiary of SOCAM. Accordingly, SOCAM is deemed to be interested in such Shares under the SFO.

Save as disclosed herein, the Directors and the chief executive of the Company were not aware of anyone who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10 % or more of the issued share capital carrying rights to vote at general meetings of the Company.

**(C) Interests in other members of the Group**

Save as disclosed below, as at the Latest Practicable Date and so far as the Directors and the chief executive of the Company were aware, there were no other persons other than the Directors or chief executive of the Company or his respective associate(s) who were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

<b>Name of owner of shares or equity interest</b>	<b>Name of non wholly-owned subsidiary of the Company</b>	<b>Approximate percentage of shareholding</b>
Equity Millennium Limited	Bondwise Profits Limited	20%
	Cititop Pacific Limited	20%
	Galore Profits Limited	20%
	Globe State Properties Limited	20%
	Oriental Gain Limited	20%
	Profitstock Holdings Limited	20%
	Shanghai Jing-Fu Property Co., Ltd.	19.8%
	Shanghai Lakeville Properties Co. Ltd.	19.8%
Shun Hing China Investment Limited	Bondwise Profits Limited	10%
	Cititop Pacific Limited	10%
	Galore Profits Limited	10%
	Globe State Properties Limited	10%
	Oriental Gain Limited	10%
	Profitstock Holdings Limited	10%
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	Shanghai Yangpu Centre Development Co., Ltd.	30%

**(D) Material Interests**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Company since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up, which is subsisting at the date of this circular and is significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors or any professional advisers named in paragraph 8 of this Appendix had since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**3. LITIGATION**

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group.

**4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any member of the Group other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

**5. COMPETING INTERESTS**

Mr. Vincent H. S. Lo is the Chairman and Chief Executive Officer of the Company, and the ultimate controlling shareholder, Chairman and Chief Executive Officer of the Shui On Group. The core businesses of the Shui On Group include property development and investment projects in Hong Kong, New York and the PRC, as more fully described in the section headed “Relationship with the Shui On Group” of the Company’s prospectus dated 20 September 2006. The Company has entered into a non-competition agreement with Shui On Company Limited (the ultimate holding company of the Shui On Group) and Mr. Vincent H. S. Lo pursuant to which Shui On Company Limited and Mr. Vincent H. S. Lo have severally undertaken not to compete with the business of the Company. For more details, see the section headed “Relationship with the Shui On Group” of the Company’s prospectus dated 20 September 2006.

Save as referred to herein, as at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which compete or may compete with the business of the Group.

**6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up.

**7. CONSENTS**

BNP Paribas has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they respectively appear.

## 8. QUALIFICATIONS OF EXPERTS

The following is the qualification of the professional adviser who has given opinions or advice contained in this circular:

<b>Names</b>	<b>Qualifications</b>
BNP Paribas	A licensed corporation in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, BNP Paribas Arbitrage (HK) Ltd, a member of a group of companies to which BNP Paribas belongs held 72,500 Shares, representing approximately 0.002% of the issued share capital of the Company. Save as disclosed above, as at the Latest Practicable Date, BNP Paribas was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor had any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Kim Lun Uy, a qualified lawyer in Hong Kong.
- (b) The qualified accountant of the Company is Mr. Derek W. Y. Feng, a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (c) The principal share registrars and transfer office of the Company is Butterfield Fund Services (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands.
- (d) The Hong Kong branch share registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (e) The registered office of the Company is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9001, Cayman Islands.
- (f) The place of business in Hong Kong is 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.
- (g) The English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's place of business in Hong Kong at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong during normal business hours on any business day from the date of this circular up to and including 20 June 2007:

- (a) the Joint Venture Agreement;
- (b) the "Letter from the Independent Board Committee" as set out in this circular;
- (c) the "Letter from the Independent Financial Adviser" as set out in this circular; and
- (d) the letter of consent from BNP Paribas referred to in paragraph 7 of this Appendix.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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瑞安房地產  
SHUI ON LAND

Shui On Land Limited  
瑞安房地產有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of Shui On Land Limited (the “Company”) will be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on 20 June 2007 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:-

#### ORDINARY RESOLUTION

“**THAT**

- (a) the Transaction Agreements (as defined in the circular to shareholders of the Company dated 4 June 2007 and copies of which have been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the director(s) of the Company (“Director(s)”) be and are hereby authorised to do all such further acts and things and execute such further documents and take all steps which in their opinion may be necessary, desirable or expedient to implement and/or give effect to the Transaction Agreements, all other transactions of the Company which arise following completion of the Transaction Agreements and all other transactions contemplated thereunder with any changes as such Director(s) may consider necessary, desirable or expedient.”

By Order of the Board  
**Shui On Land Limited**  
**Vincent H. S. Lo**  
*Chairman*

Hong Kong, 4 June 2007

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. Any Shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf.
2. To be valid, a proxy form and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, must be lodged with the Company Secretary at the Company's place of business in Hong Kong at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof (as the case may be).

*As at the date of this notice, the executive directors of the Company are Mr. Vincent H. S. Lo and Mr. William T. Addison; the non-executive director of the Company is The Honourable Chun Ying Leung; and the independent non-executive directors of the Company are Sir John R. H. Bond, Dr. Edgar W. K. Cheng, Dr. William K. L. Fung, Professor Gary C. Biddle, Dr. Roger L. McCarthy and Mr. David J. Shaw.*

*\* for identification purposes only*